

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 98-482

July 6, 1998

PUBLIC UTILITIES COMMISSION
Inquiry into Provisions for Interactions
Among Transmission and Distribution
Utilities and Competitive Electricity
Providers Regarding Metering, Billing
and Collection, Service Commencement,
and Service Contract

NOTICE OF INQUIRY

WELCH, Chairman; NUGENT, Commissioner

I. SUMMARY

In this Notice, we initiate an inquiry to obtain information on issues governing interactions among transmission and distribution utilities and competitive electricity providers (occasionally including standard offer providers), including

- (i) metering, billing and collection for competitively provided generation;
- (ii) commencement and transfer of generation service provision; and
- (iii) service contract between transmission and distribution utilities and competitive electricity providers.

The Commission has already initiated proceedings that will govern certain interactions among transmission and distribution utilities and competitive electricity providers. The purpose of this proceeding is to develop rules to govern any interactions that are not addressed in the proceedings that are already under way.

II. BACKGROUND

During its 1997 session, the Legislature fundamentally altered the electric utility industry in Maine by deregulating electric generation services and allowing for retail competition beginning on March 1, 2000.¹ At that time, Maine's electricity consumers will be able to choose a generation provider from a competitive market. As part of the restructuring process, the Act requires utilities to divest their generation assets and prohibits their participation (except through unregulated affiliates) in the generation services market. In addition, the Act requires that the provision of electric billing and metering

¹An Act to Restructure the State's Electric Industry (the Act), P.L. 1997, ch.316 codified as 35-A M.R.S.A. § 3201-3217.

be subject to competition on or before March 1, 2002, subject to rules adopted by the Commission. 35-A M.R.S.A. § 3202(4).

Notwithstanding this section of the legislation, provisions must be developed to govern metering, billing and collection services after the advent of retail competition and before implementation of competitive billing and metering. Rules governing metering, billing and collection have been implemented elsewhere in New England and can provide guidance in developing rules in Maine.

In addition, although the Commission has initiated proceedings that will govern certain interactions among transmission and distribution utilities and competitive electricity providers, additional interactions exist that are not yet subject to investigation by the Commission. In each of those proceedings and in the current proceeding we will consider consistency among provisions. We will also be mindful that, when considered together, these rules will define the array of interactions among transmission and distribution utilities, competitive electricity providers, standard offer providers, and customers.

The following rules contain related provisions:

- (i) Consumer Protection and Licensing (Docket No. 97-590);
- (ii) Standard Offer Electric Service (Docket No. 97-739) and subsequent information and contracting proceedings;
- (iii) Load Profiling and Settlement (Docket No. 97-861);
- (iv) Metering, Billing and Payment (Docket No. 98-482); and
- (v) Chapter 810 of the Commission's existing rules.

The Consumer Protection rules will address interactions between customers and competitive electricity providers. The Metering, Billing and Collections rule will address interactions between transmission and distribution utilities and competitive electricity providers in areas associated with sales to customers. The Load Profiling rule will address interactions between transmission and distribution utilities and competitive electricity providers in areas associated with ISO-NE settlement. The Standard Offer rule and its subsequent information and contracting proceedings will address interactions among only those providers who supply standard offer service, customers, and transmission and distribution utilities. The Commission's Chapter 810 addresses interactions between customers and transmission and distribution utilities. While this summary is somewhat simplified, it is instructive in determining where a particular provision might reside and where overlaps might occur. We note that, for convenience, some of the rules described above

may be incorporated into single chapters of the Commission's regulations.

III. DISCUSSION - MASSACHUSETTS RULES

Model Terms and Conditions were put in place in Massachusetts on December 31, 1997, in D.P.U./D.T.E. 97-65, that define the relationship between transmission and distribution utilities and competitive electricity providers. We believe that consistency in the New England region will facilitate retail competition by minimizing roadblocks to provider entry, by minimizing implementation costs, and by minimizing confusion on the part of customers, providers, and manufacturers. We are initially inclined to agree with most of the provisions and requirements embodied in the Massachusetts model Terms and Conditions regarding metering, billing and collection after the advent of retail competition and before implementation of competitive billing and metering. We will consider the Massachusetts approach to commencement and transfer of generation service providers, but we place more emphasis on rules and discussions in ongoing proceedings in Maine for guidance in these issues.

IV. ISSUES FOR COMMENT - METERING, BILLING AND COLLECTION

In this Notice we will summarize certain portions of the Massachusetts provisions and ask for comments. We encourage interested persons to obtain the Massachusetts Order approving the model Terms and Conditions (D.P.U./D.T.E. 97-65) from the Massachusetts Department of Telecommunications and Energy web page www.magnet.state.ma.us/dpu/orders/electric. We will provide a copy upon request.

Accordingly, we invite interested persons to comment on the effect of the following provisions if implemented in Maine and in particular on the questions listed after each provision. In addition, we invite comments on any additional issues the Commission should address with regard to these subjects.

A. Billing Options. In Massachusetts, two billing options exist: "complete billing" service, under which the transmission and distribution utility provides one monthly bill for both transmission and distribution utility service and competitive electricity provider service; and "pass through billing" service, under which the transmission and distribution utility provides a monthly bill for its delivery service and the competitive electricity provider provides a monthly bill for its generation service. We consider it likely that the same two billing options will be workable in Maine until the introduction of competition in

billing and metering services. These two options do not preclude an entity from acting as the agent for a customer in the matter of receipt and payment of the utility bill, as may occur now (e.g., a competitive electricity provider may receive its customers' bills and assume responsibility for payment of those bills). We envision that when billing and metering becomes a competitive service, it will be unbundled from transmission and distribution rates and competitive electricity providers and perhaps other entities will be able to bill for both generation service and transmission and distribution delivery service pursuant to terms of the rule developed in that future proceeding.

Question 1:

a. Should competitive electricity providers be allowed to bill for generation services before the introduction of competitive billing and metering?

b. Should the competitive electricity provider be allowed to act as its customers' agent in the matters of bill receipt and payment? If so, what Commission rules would apply in the relationship between the transmission and distribution utility and the competitive electricity provider?

c. Should competitive electricity providers be allowed to bill customers for transmission and distribution delivery service before the introduction of competitive billing and metering? If so, who would own and maintain billing meters? Who would perform daily load estimation and monthly energy calculations required by ISO-NE for each supplier's settlement, in a manner that was consistent throughout the state? Who would be responsible for collection of transmission and distribution utility customers' bill payments and how would record-keeping and collection occur seamlessly over time as customers change competitive electricity providers? How would provisions for consumer protection in such areas as disconnection be handled?

B. Meter Reading. In Massachusetts, meter reading for generation service billing purposes is performed exclusively by the transmission and distribution utility, regardless of billing option. As a standard procedure, transmission and distribution utilities read meters on a cycle-read basis and provide the billing determinants to the competitive electricity provider. If a competitive electricity provider requests an alternative read schedule, the transmission and

distribution utility accommodates that request if practicable, with the competitive electricity provider bearing the incremental cost. A competitive electricity provider may read its customers' meters for the purposes of offering value-added services or performing research. We consider this approach to be a workable arrangement before the competitive metering and billing proceeding is completed. Allowing meter reading to remain the responsibility of one entity minimizes customer confusion, maintains a high level of metering and billing accuracy, guarantees that customers are treated consistently over time and across the state, and ensures that ISO-NE settlement is carried out consistently.

Question 2: Assume that the two billing options we described earlier are in effect.

a. Should the competitive electricity provider be allowed to read its customers' meters for the purpose of billing for generation services? If so, would the competitive electricity provider and the transmission and distribution utility read the meter separately for the purpose of creating their own bills? And how would daily load estimations and monthly energy estimations required for ISO-NE settlement be performed consistently across the state?

b. Should the competitive electricity provider be allowed to read its customers' meters for the purpose of providing value-added services or performing research?

C. Meter Ownership.

1. Electricity Billing Purposes. In Massachusetts, transmission and distribution utilities install, maintain, own and determine standards for all meters used to bill retail customers. As a standard procedure, the transmission and distribution utility meters each customer with standard meters determined by its own tariff provisions. If a competitive electricity provider requests a meter to accomplish alternative pricing structures, as discussed below, the transmission and distribution utility must accommodate that request if practicable, but will charge the competitive electricity provider for incremental costs and will continue to own and maintain the billing meter. We consider this to be the best approach before the competitive billing and metering proceeding is completed for the same reasons stated in subsection (B). However, we are concerned that the volume and

implementation speed requested by the competitive electricity providers will be difficult for utilities to accommodate and that data storage necessitated by more complex meters will create the need for computer capacity or solutions not available to the transmission and distribution utilities. We take seriously the need to implement provisions that are workable; therefore, we will request further information on the feasibility of this provision through this Inquiry.

Question 3:

a. Should the competitive electricity provider be able to own and/or maintain meters to be used in billing its own customers? If so, what obligation does the competitive electricity provider have to ensure accurate meter readings? Would customers, competitive electricity providers, transmission and distribution utilities, or the effectiveness of retail competition be benefitted or harmed if competitive electricity providers had these options?

b. Should a competitive electricity provider be able to specify the metering technology and maintenance standards for meters?

c. Will alternative meters requested by competitive electricity providers create stranded meter costs? To what extent can stranded meter costs be avoided by recycling meters to future customers? By requiring suppliers to purchase stranded meters?

d. What is the likelihood that transmission and distribution utilities will find it impossible to accommodate the volume of alternative meters requested by competitive electricity providers? What means will utilities use to accommodate high volume? If volume and speed of implementation are difficult to accommodate, how will utilities prioritize requests? What is the likelihood that transmission and distribution utilities will find it impossible to accommodate the data storage and handling required by competitive electricity providers?

e. Would a phase-in approach, whereby alternative meters are allowed for the largest customers first, then smaller customers over time, be a way to avoid unmanageable volume?

2. Other Purposes. In Massachusetts, competitive electricity suppliers may request alternative metering devices for purposes other than electricity billing, including telemetering for the purpose of ISO-NE reporting or value-added service provision. Such meters may be owned by the competitive electricity provider or the transmission and distribution utility. If a competitive electricity provider requests an alternative meter, the transmission and distribution utility must accommodate that request if practicable, but will charge the competitive electricity provider for incremental costs.

Question 4: What guidelines should govern competitive electricity providers' requests for alternative meters used for purposes other than billing? What obligation does the competitive electricity provider have to ensure accurate meter reading?

D. Rate Structures. In Massachusetts, as a general procedure, the competitive electricity provider's pricing structure must be compatible with the transmission and distribution utility's rate structures² and classes. However, if the competitive electricity provider desires different pricing structures than those of the transmission and distribution utility, the transmission and distribution utility must accommodate those structures when practicable, with the incremental cost borne by the competitive electricity provider. Such accommodation could require such things as alternative metering or revision to the billing system. We believe that allowing competitive electricity providers freedom to choose pricing structures and target markets is an important prerequisite to a healthy competitive generation market. However, we are concerned that the complexity and implementation speed requested by the competitive electricity providers will be difficult for utilities to accommodate. We are inclined to approve such a provision and allow the transmission and distribution utilities some latitude in refusing to accommodate. However, we emphasize that we strongly favor accommodation in as many instances as possible, and we would be quick to

² We understand this provision to mean, for example, that if the utility rate is a time-of-day and seasonally differentiated rate, the provider's price will be differentiated into the same time periods and seasons. It seems likely that, alternatively, the provider's price structure could be *simpler*; for example, the provider's price structure could contain no time-of-day differentiation in this example.

investigate any refusal to accommodate made on grounds other than complexity.

Question 5:

a. Should the transmission and distribution utility be required to accommodate any billing structure change requested by the competitive electricity provider? What guidelines might govern such requests? Should a request for a simpler but comparable rate structure be accommodated at no cost? Are there some alternative rate structures that are more important to accommodate than others (E.g., 24-hour pricing to take advantage of the market)?

b. What is the likelihood that utilities will find it impossible to accommodate the volume of alternative rate structures requested by competitive electricity providers? What means will utilities use to accommodate high volume? If volume and speed of implementation are difficult to accommodate, how will utilities prioritize requests?

c. Would a phase-in approach, whereby alternative rate structures are allowed for the largest customers first, then smaller customers over time, be a way to avoid unmanageable volume?

d. Would accommodation guidelines be different depending on which entity billed for generation service? Who should bear the incremental costs?

E. Payment Collection. In Massachusetts, the customer sends payment for electricity service to the entity that sent the bill. The transmission and distribution utility accepts payment for its delivery service. In instances when it sends customers a "complete" bill, it also accepts payment for generation services and transfers that payment to the competitive electricity provider. In instances when the competitive electricity provider bills for generation service, the customer sends payment for generation service to the competitive electricity provider that billed him.

Question 6: Is there any reason to alter the Massachusetts approach to revenue collection? If so, how?

F. Partial Payment. In Massachusetts, if the customer pays less than the full bill amount to the transmission and distribution utility, the payment goes first to the transmission and distribution utility, second to the competitive electricity provider, and third to any prior

competitive electricity provider. The competitive electricity provider is responsible for collection of past-due generation service payments, regardless of whether the bill was issued by the transmission and distribution utility or by the competitive electricity provider. We agree with this approach because it maximizes the likelihood of full payment to the transmission and distribution utility, thereby protecting customers against disconnection for nonpayment and ratepayers from expenses associated with uncollectibles.

Question 7: Is there any reason to alter the Massachusetts approach to allocation of partial payments? If so, how?

G. Bill Format. In Massachusetts, the competitive electricity provider gives the transmission and distribution utility its prices, which the transmission and distribution utility uses to create the generation service portion of the bill in the "complete" billing option. In the Notice of Inquiry issued on March 17, 1998 in the Consumer Protection and Licensing proceeding (Docket No. 97-590), we sought comments on minimum standards for bill context and format. When considering these issues in this proceeding, we will be mindful of comments made in the Consumer Protection and Licensing proceeding.

Question 8:

a. Should the transmission and distribution utility be required to create a generation services bill in any format specified by the competitive electricity provider? Alternatively, should the format of the generation services bill be identical for all competitive electricity providers?

b. Should the transmission and distribution utility be required to include provider information or bill inserts in the bill?

c. What guidelines should govern the generation service bill format? What are the benefits of consistency in bill format? Of allowing the competitive electricity provider to dictate bill format?

H. Optional Customer Services. In Massachusetts, if the competitive electricity provider so requests, the transmission and distribution utility will provide customized customer services to the provider's customers if practicable, with the incremental cost borne by the competitive electricity provider. We are not opposed to

this provision as a matter of principle, but we have the same concerns we stated when discussing alternative rate structure accommodation. In contrast to the importance of allowing alternative generation services rate structures, we do not believe that requiring (or allowing) transmission and distribution utilities to accommodate customer service requests is necessary to the healthy development of a competitive generation market. However, we are inclined to approve this provision, subject to the same caution to avoid partiality that we mentioned in section IV.D above.

Question 9: Is this provision necessary, desirable, and feasible? What guidelines might govern such requests?

I. Special Situations. No-reads, bill adjustments, budget plans, and many other special situations related to metering, billing and payment complicate the interaction between the transmission and distribution utility and the competitive electricity provider. We believe that such situations should be addressed by persons most able to understand and solve the technical details. We initially believe that such solutions are best identified and solved by an Electronic Business Transaction Standards group that we expect will address information and data transfer among transmission and distribution utilities and competitive electricity providers. We intend to order the initiation of such a group in a future docket.

Question 10:

a. *What specific situations of this type exist? Can such situations be adequately identified and addressed by an EBT Working Group before March, 2000?*

b. *Should there be a dispute resolution process?*

J. Fees. In Massachusetts, transmission and distribution utilities charge competitive electricity providers fees for certain services that result in incremental costs. Examples might include fees for off-cycle reads, for nonstandard customer services, or for issuing bills for generation service. Those fees may be published in Terms and Conditions or in a service contract.

Question 11:

a. *Which transmission and distribution utility costs should be charged to the competitive electricity provider and which should be recovered in transmission and*

distribution utility rates? Is there a governing principle to determine charging procedures (e.g., any provision that is required for implementation of retail competition will remain in transmission and distribution utility rates)?

b. How should costs recovered in transmission and distribution utility rates be allocated to rate classes?

V. ISSUES FOR COMMENT - COMMENCEMENT AND TRANSFER OF GENERATION SERVICE PROVIDERS

In the Notice of Inquiry issued on March 17, 1998 in the Consumer Protection and Licensing proceeding (Docket No. 97-590), we sought comments on issues of consumer protection when customers commence service with a competitive electricity provider, cancel service, or transfer service to a new competitive electricity provider. That proceeding does not address all aspects of the process by which the customer, the competitive electricity provider, and the transmission and distribution utility carry out these activities. Our intent in this proceeding is to address all process issues that are not otherwise contained in the Consumer Protection and Licensing proceeding (Docket No. 97-590). When considering these issues, we will be mindful of comments made in the Consumer Protection and Licensing proceeding.

A. Customer Initiation of Generation Service Commencement and Transfer. The Standard Offer rule specifies that a customer may commence or cancel service with the standard offer provider by notifying the transmission and distribution utility, who will then effect the change. The rule also states that a competitive electricity provider may notify the transmission and distribution utility in the event that a customer transfers from the standard offer provider to a competitive electricity provider, subject to safeguards. Massachusetts appears to allow either the customer or the new competitive electricity provider to initiate customer enrollment after receiving customer authorization by one of three prescribed methods (letter of authorization, third-party verification, or customer-initiated call to an independent third-party). Some initial discussion of customer authorization methods has occurred in the Load Profiling proceeding (Docket No. 97-861) and in the Consumer Protection and Licensing proceeding (Docket No. 97-590) where the discussion focuses on "slamming."

We are inclined to favor allowing the customer the options described above, but we take seriously the need to receive authentic customer permission before a change of provider

may occur. It may be reasonable to require written customer authorization to the transmission and distribution utility, and, indeed, 35-A M.R.S.A. § 3205(3)(I) appears to require it. It may be reasonable to allow the competitive electricity provider to notify the transmission and distribution utility, with the provision that the competitive electricity provider receive written authorization at a prescribed time and in a prescribed way. Finally, it may be reasonable to allow verbal customer authorization subject to third-party verification.

Question 12:

a. When commencing generation service as a new customer, should a customer be able to notify either the transmission and distribution utility or the competitive electricity provider?

b. When transferring generation service from one competitive electricity provider (who is not the standard offer provider) to another, should a customer be allowed to notify either the transmission and distribution utility or the new competitive electricity provider? Are there reasons of policy or process that make such an option unworkable (assuming the consumer protection provisions developed within the Consumer Protection and Licensing proceeding are in effect)?

c. What form of authorization best provides consumer protection and efficient market operation?

B. Commencement and Termination Date. Provisions in the Standard Offer Service rule (Chapter 301) specify that commencement or transfer of service into or out of standard offer generation service will occur on the customer's next meter read date, as long as the customer provides notice of the request within five business days (hereafter called the "enrollment window") of the next normal meter read date. The provision allows transfer on an alternative date but requires that the customer pay a fee for such services. Massachusetts appears to allow commencement or transfer between competitive electricity providers only on the date of meter read, and specifies a 2-day rather than a 5-day enrollment window. While it will be less confusing to customers if rules governing transfer into or out of standard offer service are identical to rules governing transfer among all other competitive electricity providers, there might be market-driven reasons for providing competitive electricity providers a different level of

flexibility or for charging for nonstandard procedures differently. For example, it might be reasonable to allow competitive electricity providers more latitude in avoiding meter read dates or in shortening the enrollment window as long as the provider pays any associated incremental costs.

Question 13:

a. Should a customer be allowed to transfer generation service between competitive electricity providers (who are not the standard offer provider) only on their normal meter read date, or should alternative transfer dates be allowed (subject to provisions developed in the Consumer Protection and Licensing procedure)?

b. Should the provider or the customer be charged a fee for an alternative read date?

c. Most customers do not know the meter read dates. Does this matter?

d. Is the five day enrollment window too long? Too short?

C. Multiple Enrollments. In Massachusetts, when the transmission and distribution company receives multiple enrollments for one customer within one enrollment window, the first enrollment received determines the action to be taken. We see no clear advantage to other solutions.

Question 14: Under what circumstances might multiple enrollments occur? What solution best protects the rights of customers and competitive electricity providers?

VI. ISSUES FOR COMMENT - SERVICE CONTRACT BETWEEN THE TRANSMISSION AND DISTRIBUTION UTILITY AND COMPETITIVE ELECTRICITY PROVIDER

We envision that, to provide generation services to customers in the State, competitive electricity providers will be required to enter into a contract with each transmission and distribution utility whose facilities will be used to deliver generation services, as well as to obtain a license from the Maine Public Utilities Commission subject to provisions developed in the Consumer Protection and Licensing proceeding (Docket No. 97-590). The contract with the transmission and distribution utilities will encompass provisions that are unique to interactions between the transmission and distribution utility and the competitive electricity provider, including such issues

as utility terms and conditions, provider obligations, billing options, customer service responsibilities, fees, payment terms, and liabilities. We envision a standard form contract that is revised as necessary for unique circumstances.

Question 15:

a. Should a contract be required between transmission and distribution utilities and competitive electricity providers? What provisions should be included in the contract? Under what terms should the contract be revoked?

b. Should the execution of such contract be a requirement of receiving a State license to provide generation services in Maine, or should the license be a prerequisite for entering into contract with the transmission and distribution utility?

VII. INQUIRY PROCESS

Interested persons may participate in this inquiry by filing a letter stating their interest in this proceeding no later than July 16, 1998. The letter should be addressed to Dennis L. Keschl, Administrative Director and include the docket number, Docket No. 98-482. The Commission will then issue a service list. All subsequent filings must be served to all interested parties on the service list. Interested persons may file substantive comments by August 10, 1998.

Accordingly, we

O R D E R

1. That an Inquiry shall be opened as described in the body of this Notice;
2. That this Notice shall be sent to all electric utilities in the State of Maine;
3. That this Notice shall be sent to the service list of electric restructuring, Docket No. 95-462;
4. That this Notice shall be sent to parties who have shown an interest in comparable cases in Massachusetts;
5. That this Notice shall be sent to the service lists of Docket No. 97-861, Docket No. 97-739 and Docket No. 97-590; and
6. That this Notice of Inquiry will also be posted on the Commission's website, <http://www.state.me.us/mpuc>.

Dated at Augusta, Maine this 6th day of July, 1998.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: Welch
 Nugent